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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 11, 2010

CERTIFIED RETURN RECEIPT
7005 0390 0000 7507 4603

John Hewitt
Interstate Brick Company
9780 South 5200 West
West Jordan, Utah 84088

Subject: Evaluation of Reclamation Surety, Interstate Brick Company, Jim Gay Mine, M/049/0005, Utah County, Utah

Dear Mr. Hewitt:

The last reclamation cost estimate for the Jim Gay mine was completed in 2004 and escalated to 2009 dollars, so the reclamation surety amount is now due for review and adjustment. Rule R647-4-113.6 allows the Division to adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index.

As shown on the attached spreadsheet, the Division used the cost estimate calculated in 2004 and actual cost index changes to bring the value to 2010 dollars. To project into the future, the average cost index values for the past three years are averaged. This average value is 0.05 percent.

Based on these calculations, the surety amount now required for the Jim Gay mine is \$97,600.00, an increase of \$1200.00 over the current bond of \$96,400.00. **Please submit the increased surety no later than December 1, 2010.**

This increased amount may be submitted in the form of a rider to your current surety bond, or you may submit a letter of credit, cash, or a certificate of deposit for either the increased or the entire amount. Please contact the Division's bonding coordinator, Penny Berry, at 801-538-5261 or by e mail at bondcoordinator@utah.gov for further information about submitting the increased bond.

Thank you for your cooperation. Please call me at 801-538-5261 or Lynn Kunzler at 801-538-5310 if you have questions about this letter.

Sincerely,

Paul B. Baker
Mining Program Manager

PBB:pb

cc: opic_abeyta@blm.gov, larry_garahana@blm.gov

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Jim Gay Mine
Surety Escalation

October 6, 2010

Surety amount in <year> dollars

	Percentage increase/year		
2004	1.71%	1.0171	\$84,807.00
2005	0.84%	1.0084	\$85,519.38
2006	3.99%	1.0399	\$88,931.60
2007	5.44%	1.0544	\$93,769.48
2008	2.12%	1.0212	\$95,757.39
2009	-3.40%	0.966	\$92,501.64
2010	2.90%	1.029	\$95,184.19
2015		1.005/year	\$97,587.71
Rounded to nearest \$100			\$97,600.00